



Sean Rogan  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

1-D November 1, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

November 01, 2016

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE HEALTH PLANS  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

This letter recommends approval of the Community Development Commission (Commission) employee health benefits for the 2017 calendar year.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director or his designee to replace Cigna medical, and to execute contracts with the California State Association of Counties (CSAC) Excess Insurance Authority, a Joint Powers Agreement (JPA), to provide Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) group medical plans by Blue Shield, and to execute a continuing contract with Kaiser Health Plan (Kaiser), to be effective January 1, 2017.
2. Approve the employer-paid medical subsidy for the 2017 calendar year to Blue Shield and Kaiser, at an estimated cost not to exceed \$1,500,000, and authorize the Executive Director to incorporate, as needed, up to \$750,000 in program funds into the Commission's approved Fiscal Year 2016-2017 budget for this purpose.
3. Authorize the Commission to fund all Calendar Year 2017 health plan costs using funds included or to be incorporated into the approved Fiscal Year 2016-17 budget and funds to be approved through the annual budget process for Fiscal Year 2017-18.
4. Find that the approval of the employee health plans for the 2017 calendar year is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not

defined as a project under CEQA.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to provide Commission employees affordable health care coverage that is comparable with plans offered to County employees for the 2017 calendar year. The current plans end on December 31, 2016.

### **FISCAL IMPACT/FINANCING**

There is no fiscal impact to the County General Fund. The expenses will be fully covered using funds included or incorporated as needed into the Commission's approved Fiscal Year 2016-2017 budget, and funds to be included in the Fiscal Year 2017-2018 proposed budget.

In an effort to help employees pay for medical insurance coverage, the Commission will continue to provide an employer-paid medical subsidy. This subsidy, combined with the amount contributed by each employee, will fund the premiums for medical insurance for the 2017 calendar year. This subsidy amount is an increase from the previous year in an effort to maintain the employee's cost for medical coverage at an affordable level.

The current Fiscal Year 2016-17 approved Commission budget includes funds to cover the proposed health plan changes through June 30, 2017. Additional funds, up to a total of \$750,000, may be incorporated as needed to cover costs through the end of the Fiscal Year. The annual budget process for Fiscal Year 2017-2018 will include funding for the remainder of the calendar year 2017 costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Employees are currently provided with Cigna HMO, Cigna PPO, and Kaiser as employee medical plan options. During the month of August, the Commission evaluated these plans and the cost increases for 2017, with the assistance of the Commission's insurance broker, Alliant Insurance Services.

The Commission evaluated proposals from existing providers directly, and from CSAC Excess Insurance Authority JPA, providing for the same and similar plan designs through a purchasing pool. The renewal from existing providers indicated an increase of over 30% for the second year in a row. However, purchasing the benefit plans through the JPA preserves the Kaiser plan design, and provides a mirrored replacement of the existing Cigna plan design with Blue Shield; this provides the most cost effective option for the Commission at an increase of approximately 16%. Additionally, the three-year agreement provides for subsequent cost caps for the next two years, limiting rate premium rate renewals to an 8% cap on top of the average pooled premium rate. This represents some shelter for the Commission from future substantial rate increases like the ones proposed by Cigna for the second year in a row.

The annual open enrollment period, which allows Commission employees to enroll in health plans for 2017, will begin following your Board's approval.

### **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title 24 of the Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions are consistent with the principle of promoting the well-being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:MF:jd